



Indiana Economic Development Corporation

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May 14, 2008

Jeffrey M. Wells
Director of Medicaid
Family & Social Services Administration

Dear Mr. Wells:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Family & Social Services Administration Office of Medicaid Policy and Planning ("OMPP"), and contained in LSA Document 07-647. This proposed rule reduces the provider assessment percentage from six (6%) percent to five and one half (5 ½%) percent for Community Residential Facilities for the Developmentally Disabled and non-state Intermediate Care Facilities for the Mentally Retarded in accordance with federal regulations as published at 72 FR 13726. Additionally, a fixed rate reduction factor will be deducted from each provider's Medicaid reimbursement rate to reflect the loss of the federal match. It is estimated that there are 163 Medicaid certified group homes that are classified as small businesses and would be subject to the provisions of this rule

The proposed rule updates the existing Medicaid rules to reflect changes to federal regulations. On March 23, 2007, the Centers for Medicare and Medicaid published a proposed rule in the Federal Register at 72 FR 13726 revising the threshold under the indirect guarantee hold harmless arrangement test to reflect the provisions of the Tax Relief and Health Care Act of 2006. This change in federal law provides that for any part of the fiscal year on or after January 1, 2008, the allowable amount that can be collected from a health care-related tax is reduced from six (6%) percent to five and one half (5 ½%) percent of provider revenues.

Although the reduction in the provider assessment percentage will result in reduced revenue for affected entities, the OMPP indicates that this change is necessary to align state rules with federal standards and maintain state budget neutrality. The rule does not add any new reporting requirements or impose any new direct costs on small businesses.

The IEDC does not object to economic impact to small businesses contained in the proposed rule changes. If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

A handwritten signature in black ink, appearing to read "Ryan A.", written over a horizontal line.

Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation